

Message Text

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ACTION EA-10

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R 240703Z JAN 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 8054

INFO USDOC WASHDC

UNCLAS SECTION 1 OF 2 SEOUL 0505/1

E.O. 11652: N/A

TAGS: BEXP, KS

SUBJECT: COUNTRY COMMERCIAL PROGRAM, FY 76 PRODUCT CAMPAINGS

REF: STATE 5312

A. ELECTRONIC COMPONENTS, ELECTRONIC PRODUCTION AND TEST EQUIPMENT; BUSINESS EQUIPMENT; AND LAB INSTRUMENTATION. CAMPAIGN MANAGER: MAYFIELD AND PERKINS

CAMPAIGN STATEMENT: THE OVERALL OBJECTIVE IS TO PLAN AND JUSTIFY A MAJOR 40-EXHIBITOR OFF-SITE TYPE I EXHIBITION ON THIS COMBINED THEME IN FY 77. THE ELECTRONICS INDUSTRY IN KOREA IS IN A TEMPORARY SLUMP LINKED TO THE DEPRESSED U.S. CONSUMER ELECTRONICS MARKET, BUT IS EXPECTED TO REVIVE AS THE ROKG PUSHES ITS ELECTRONICS PLAN. AS INDIGENOUS CORPORATIONS GO INTO PRODUCTION, THE MARKET FOR COMPONENTS AND PRODUCTION-TEST EQUIPMENT WILL BURGEON. LABORATORY INSTRUMENTS AND BUSINESS EQUIPMENT ARE THE SIXTH AND EIGHTH RANKING "BEST PROSPECTS FOR INCREMENTAL U.S. EXPORTS" WITH 10 PCT AND 50 PCT GROWTH RATES EXPECTED. INSTRUMENTATION HAS BEEN HEAVILY, AND SUCCESSFULLY, EXPLOITED BY LOCAL AGENTS IN TRADE CENTER BSPTS TO DATE. I ALTHOUGH THESE TARGET INDUSTRIES ARE SCHEDULED FOR PRIMARY PROMOTION IN SEVERAL FISCAL YEARS (BUSINESS EQUIPMENT AND LABORATORY INSTRUMENTS IN FY 77), THEY CAN AND SHOULD BE LINKED TOGETHER AS PART OF ONE CAMPAIGN LEADING TO A TYPE I PARTICIPATION IN THE FINE INSTRUMENTS CENTER'S KOREAN ELECTRONIC SHOW, NOVEMBER 1976, OR ALONE IN SPRING 1977.

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BY SEPTEMBER 30, 1975:

1. PREPARE SECTORAL ANALYSIS OF THE ELECTRONICS INDUSTRY INCLUDING OVERALL TRENDS, PRIME PRODUCTION FACTORS, AND SALES OUTLOOK.
2. CONDUCT LABORATORY INSTRUMENTS BSP.
3. PROMOTE PARTICIPATION BY U.S. FIRMS IN NOVEMBER 1975 FIC EXHIBITION.

BY DECEMBER 31, 1975:

1. CONDUCT OIM-TYPE MARKET RESEARCH ON ELECTRONIC COMPONENTS.
2. CONDUCT OIM-TYPE MARKET RESEARCH ON LABORATORY INSTRUMENTS.
3. BUILD DATA BASE AND CONDUCT PRELIMINARY INTERVIEWS IN ANTICIPATION OF RECEIPT OF TIR SPECIFICATIONS FOR MARKET RESEARCH ON ELECTRONIC PRODUCTION AND TEST EQUIPMENT AND IN ORDER TO UPDATE 4/74 GLOBAL MARKET SURVEY FOR USE IN PROCUREMENT OF EXHIBITORS IN THIS SECTION OF THE FY 77 TYPE I.
4. MOUNT ELECTRONIC COMPONENTS BSP (LOCAL AGENTS) CONCURRENTLY WITH KOREAN ELECTRONICS SHOW TO TEST BASES FOR COOPERATION WITH FIC.
5. MOUNT PRINTED CIRCUIT BOARD PRODUCTION EQUIPMENT BSP.

BY MARCH 31, 1976:

REACH MID-POINT REVIEW OF TIR-SPECIFICATION MARKET RESEARCH ON ELECTRONICS PRODUCTION AND TEST EQUIPMENT.

BY JUNE 30, 1976:

1. COMPLETE TIR MARKET RESEARCH ON ELECTRONIC PRODUCTION EQUIPMENT.
 2. MOUNT LABORATORY EQUIPMENT BSP.
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3. MOUNT "SPIN-OFF" EXHIBITION FROM TAIPEI ELECTRONIC PRODUCTION AND TEST EQUIPMENT SHOW WITH OIM PROCUREMENT ASSISTANCE.

BY SEPTEMBER 30, 1976:

1. PREPARE 15 TOPS.

2. CONDUCT 20 MARKET CALLS IN MASAN AND OTHER INDUSTRIAL ESTATES, CONDUCT PROMOTIONAL SEMINARS IN TAEGU AND PUSAN AMERICAN CULTURAL CENTERS.

3. PREPARE AND ISSUE 10 NEW PRODUCT PRESS RELEASES.

4. BUILD TARGET AUDIENCE LISTS FOR THESE COMBINED THEMES.

B. METALWORKING AND FINISHING EQUIPMENT.

CAMPAIGN MANAGER: CROWELEY

CAMPAIGN STATEMENT: THIS PRODUCT CATEGORY IS ONE OF THE FIVE TARGET INDUSTRIES SELECTED FOR INTENSIVE PROMOTION IN FY 76 AND IS THE FIRST RANKING "BEST PROSPECT FOR INCREMENTAL SALES."

BY SEPTEMBER 30, 1975:

1. PREPARE SECTORAL RESEARCH ON HEAVY METAL AND MACHINERY INDUSTRY.

2. UPDATE INVESTMENT PROJECT STATUS REPORT ON HEAVY AND CHEMICAL INDUSTRY PLAN AND CHANGWON INDUSTRIAL ESTATE.

BY DECEMBER 31, 1975:

MOUNT METALWORKING/METALFINISHING JEEP.

BY MARCH 31, 1976:

PUBLISH SPECIAL ISSUE OF COMMERCIAL NEWSLETTER ON NEW U.S. PRODUCTS IN METALWORKING.

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BY JUNE 30, 1976:

SUMBIT 10 TRADE OPS.

C. PROCESS CONTROL INSTRUMENTATION

CAMPAIGN MANAGER: JOHN DOE VICE GROSSMAN

CAMPAIGN STATEMENT: THIS PRODUCT CATEGORY IS ONE OF THE FIVE TARGET INDUSTRIES SELECTED FOR PRIMARY PROMOTION THIS FISCAL YEAR AND NINTH RANKING OF THE "BEST PROSPECTS," WITH AN ESTIMATED 30 PCT PER ANNUM GROWTH POTENTIAL.

BY SEPTEMBER 30, 1975:

1. BUILD TARGET AUDIENCE LISTS (END-USERS AND AGENTS) FOR THIS THEME.

2. SUBMIT FIVE TOS.

BY DECEMBER 31, 1975:

MOUNT TECHNICAL SEMINAR (11/75).

BY MARCH 31, 1976:

TAKE VTR FROM TECHNICAL SEMINAR TO PUSAN ACC.

BY JUNE 30, 1976:

MOUNT BSP "SPIN-OFF" FROM TOKYO TC SHOW ON THIS THEME (4/76) WITH OIM PROCUREMENT SUPPORT.

D. PRINTING AND GRAPHIC ARTS

CAMPAIGN MANAGER: JOHN DOE VICE GROSSMAN

CAMPAIGN STATEMENT: THIS PRODUCT CATEGORY IS ONE OF THE FIVE TARGET INDUSTRIES SELECTED FOR INTENSIVE PROMOTION IN FY 76. KOREA IMPORTED \$4.8 MILLION WORTH OF GRAPHIC ARTS
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EQUIPMENT IN 1973, BUT ONLY \$327,000 FROM U.S. THE POST BELIEVES A SPECIAL EFFORT SHOULD BE MADE TO PENETRATE A MARKET WHICH IS PROJECTED TO GROW 75 PCT PER ANNUM.

BY SEPTEMBER 30, 1975:

1. MAKE 10 MARKET CALLS, PREPARE SEVEN TOS.

2. BUILD TARGET AUDIENCE LISTS.

BY MARCH 31, 1976:

MOUNT USIS-ORGANIZED DATA COMMUNICATIONS SEMINAR TARGETED AT NEWSPAPERS AND MAGAZINES WITH COMPANION MULTI-AGENT BSP ON GRAPHIC ARTS PROCESSES AND EQUIPMENT. NOTE: POST CONSIDERS THIS LOW PRIORITY CAMPAIGN AND SUBJECT TO ELECTIVE SURGERY UPON FURTHER ANALYSIS OF RESOURCE AVAILABILITY.

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E. OTHER PRIORITY PROJECTS

CAMPAIGN MANAGER: JOHN DOE VICE GROSSMAN

CAMPAIGN STATEMENT: ENHANCE COMMERCIAL LIBRARY AND TO-
GENERATION CAPABILITIES. CARRY OUT SCHEDULED TC EVENTS.

BY DECEMBER 31, 1975:

1. BUILD TARGET AUDIENCE LISTS ON HEALTH CARE INDUSTRY.
2. "PIGGY-BACK" ON USIS ATTITUDE SURVEY.

BY MARCH 31, 1976:

1. MOUNT TECHNICAL SEMINAR ON THEME HEALTH CARE INDUSTRIES.
2. MOUNT BSP "SPIN-OFF" FROM TOKYO TRADE CENTER EDP-DATA
COMMUNICATIONS EXHIBIT WITH OIM PROCUREMENT SUPPORT.

BY SEPTEMBER 30, 1976:

1. IMPROVE COMMERCIAL LIBRARY BY UPGRADING CONTENT AND
RETRIEVAL OF SIC-CODED COMPANY CATALOGS, COMMERCIAL INQUIRIES
AND LOCAL TOS.
2. EXTEND COMMERCIAL LIBRARY OPERATIONS TO INCLUDE ON TEST
BASIS PUSAN ACC. DETAIL ONE FSL TWO DAYS/MONTH TO PUSAN
ACC FOR TOP AND EVENT PROMOTION PURPOSES.

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F. MARKET RESEARCH, GENERAL

CAMPAIGN STATEMENT: OVERALL GOAL IS TO DEVELOP INDIGENOUS MARKET RESEARCH CAPABILITY IN ORDER BUILD STOCK OF TARGET MARKET RESEARCH AND MARKETING DATA IN SUPPORT OF TARGET OF OPPORTUNITY TRADE CENTER EVENTS. IN ADDITION, FOR LONGER TERM, DEVELOP CONTINUING CAPABILITY ANTICIPATE TECHNOLOGICAL TRENDS IN JAPAN INDUSTRIAL SECTOR WHICH WILL OPEN PREVIOUSLY CLOSED OPPORTUNITES FOR U.S. EXPORTS TO KOREA. THIS IMPLIES RECEIVING ALL SECTORAL ECONOMIC ANALYSIS AND CONTRACTED MARKET RESEARCH FROM AMEMBASSY TOKYO.

BY SEPTEMBER 30, 1975:

COMPLETE FY 76 MARKET RESEARCH ON HEALTH CARE INDUSTRIES, BUSINESS EQUIPMENT AND LABORATORY INSTRUMENTS.

BY DECEMBER 31, 1975:

1. CONDUCT OIM-TYPE MARKET RESEARCH ON ELECTRONIC COMPONENTS AND LABORATORY INSTRUMENTS (CAMPAIGN A).
2. BUILD DATA BASE FOR TIR-SPECIFICATION RESEARCH ON ELECTRONIC PRODUCTION EQUIPMENT (CAMPAIGN A).

BY JUNE 30, 1976:

1. PREPARE PTR ON FOOD PROCESSING EQUIPMENT: FISH AND SEAFOOD FREEZING AND CANNING, DECIDUOUS FRUIT PROCESSING.
2. COMPLETE ELECTRONICS PRODUCTION TIR.

BY SEPTEMBER 30, 1976:

RECEIVE SPECIFICATION AND INITIATE TIR ON COMPUTERS AND MATERIALS HANDLING EQUIPMENT.

G. MAJOR PROJECTS

CAMPAIGN MANAGER: CROWLEY
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CAMPAIGN STATEMENT: GOAL IS TO SECURE GREATER U.S. PARTICIPATION IN FEASIBILITY, ENGINEERING DEFINITION AND CONTRACTOR TECHNICAL ASSISTANCE CONTRACTS AS WELL AS EQUIPMENT SALES BY MORE TIMELY EARLY WARNING REPORTS AND MORE EFFICIENT FOLLOW-UP PROCEDURES. EXPORT POTENTIAL FOR PROJECTS ALREADY

IN REPORTING CYCLE TOTALS \$3,387 MILLION. WHILE THE PLANNING BOARD MAY DE-EMPHASIZE HEAVY AND CHEMICAL INDUSTRIES PROJECTS, ROKG WILL CONTINUE SEEK HEAVY EXTERNAL BORROWING FOR PUBLIC WORKS PROJECTS AS BALANCE OF PAYMENTS AND EMPLOYMENT MAINTENANCE MEASURES.

CONCENTRATE MAJOR PROJECT REPORTING IN FOLLOWING AREAS:

1. POWER PLANTS
2. PETROCHEMICAL INDUSTRY
3. HEAVY METAL INDUSTRIES (CAMPAIGN B)
4. SECOND INTEGRATED STEEL MILL
5. NON-FERROUS MINING AND SMELTING
6. ELECTRONICS PLANTS (CAMPAIGN A)
7. TELEPHONE CENTRALS
8. PORTS AND HARBORS
9. HIGHWAYS
10. TOURIST DEVELOPMENT

BY SEPTEMBER 30, 1975:

1. DETERMINE PROJECT REPORTING PRIORITIES UNDER H & C I PLAN DURING YEAR.
2. CONVENE MEETING OF EMBASSY MAJOR PROJECT TASK FORCE.
3. PREPARE CURRENT LISTING OF IBRD, ADB AND OTHER FOREIGN LOANS UNDER NEGOTIATION.

BY DECEMBER 31, 1975:

1. PREPARE PRODUCT THEME RECOMMENDATIONS FOR POSSIBLE TRADE CENTER EVENTS FOR INCLUSION IN FY 77 CCP.
 2. MEETING OF EMBASSY MAJOR PROJECT TASK FORCE.
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3. PREPARE FIVE EARLY WARNING REPORTS ON HEAVY & CHEMICAL INDUSTRY PROJECTS AND THREE EARLY WARNINGS ON OTHER MAJOR PROJECTS, INCLUDING ONE ON ROKG TELECOMMUNICATIONS PLAN (TELEPHONE CENTRALS).

BY MARCH 31, 1976:

1. REVIEW PRIORITIES OF MAJOR PROJECT REPORTING.
2. MEETING OF EMBASSY MAJOR PROJECT TASK FORCE.

BY SEPTEMBER 30, 1976:

1. PREPARE 10 EARLY WARNING REPORTS ON HEAVY & CHEMICAL
INDUSTRY PROJECTS AND SEVEN EARLY WARNINGS ON OTHER PROJECTS.

2. SUBMIT FOLLOW-UP REPORTS ON STANDARDIZED SIX-MONTH CYCLE
FROM EARLY WARNING TO AWARD OF BIDS.

H. LICENSING AND INVESTMENT

CAMPAING MANAGERS: MAYFIELD, LAWLESS, CROWLEY

CAMPAIGN STATEMENT: THESE FULL-YEAR ACTIVITIES ARE AIMED AT
ENHANCING U.S. BALANCE OF PAYMENTS PERFORMANCE ON PROFIT
REMITTANCES AND ROYALTY PAYMENTS FROM KOREA.

1. DEVELOP CAPABILITY TO ANTICIPATE AND REPORT LICENSING
OPPORTUNITIES IN DEFENSE INDUSTRIES.

2. DEVELOP CAPABILITY TO ANTICIPATE AND REPORT INVESTMENT
OPPORTUNITIES IN DEFENSE INDUSTRY CO-PRODUCTION PROJECTS.

3. COOPERATE WITH KUSEC IN ATTEMPTING REDUCE ROKG RESTRIC-
TIONS ON PROCESS LICENSING, TRADEMARK LICENSING, MANAGEMENT
FEES AND ROYALTIES.

4. COOPERATE MORE CLOSELY WITH AMCHAM IN MAINTAINING
FAVORABLE INVESTMENT CLIMATE; REMOVE IMPEDIMENTS TO NEW
PROJECTS.

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5. SUPPORT OPIC INVESTMENT INSURANCE AND GUARANTY OPERATIONS
IN KOREA.

COMMENTS: WHERE OIM PROCUREMENT ASSISTANCE IS INDICATED,
THIS WILL BE EXPLAINED FURTHER IN A SUBSEQUENT COMMUNICATION
AS A RESULT OF KRAUSE/MAYFIELD DISCUSSION IN TOKYO.

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